

May 2, 2006

Virginia Department of Transportation
1401 E. Broad Street
Richmond, VA 23219
Attn: Barbara W. Reese
Chief Financial Officer

Re: Pocahontas Parkway Association Public-Private Partnership

Ladies and Gentlemen:

Reference is made to the letter of understanding dated June 15, 2005 (the "MOU") among the Virginia Department of Transportation (the "Department"), Pocahontas Parkway Association ("PPA"), and a consortium consisting of Transurban (USA), Inc. ("Transurban") and DEPFA Bank plc (the "Consortium"), whereby PPA and the Department entered into confidential and exclusive negotiations with the Consortium with respect to the proposed acquisition (the "Proposed Transaction") of the rights and obligations to manage, operate, maintain and collect tolls on the Pocahontas Parkway (the "Project"). The MOU, including the agreement thereunder to enter into exclusive negotiations, was publicly disclosed and an announcement posted on the PPA website on June 15, 2005, which announcements included disclosure that the purchase price for the Proposed Transaction was expected to be sufficient to pay or defease all the senior and subordinated bonds issued by PPA.

As part of the Proposed Transaction, the MOU summarized certain terms of an amendment to the Comprehensive Agreement between PPA and the Department (the "Comprehensive Agreement") that the Department and the Consortium agreed in principle would be entered into concurrently with the acquisition of PPA's rights under the Comprehensive Agreement. From the perspective of the Department, essential terms of the Proposed Transaction included:

- payment in full or defeasance of the bonds issued by PPA and other PPA liabilities (including repayment of loans previously provided to the Project by the State Infrastructure Bank ("SIB"));
- reimbursement of all accrued costs incurred by the Department to operate, maintain and repair the Project;
- removal of the obligation of the Department to perform and fund future operations and maintenance and upcoming major maintenance expenses;

- establishment of a tolling regulation setting maximum increases in permitted tolling levels;
- development of a viable strategy for the financing, construction and operation of the Richmond Airport Connector (as detailed below), and
- detailed provisions and security ensuring high-quality operating and maintenance services and an upgrade of the existing electronic tolling equipment.

Essential terms for the Consortium included:

- a fixed term sufficient to provide a reasonable potential return on the required investment in the Project; and
- protections against changes in certain laws.

We are pleased to confirm that the terms of such amendments have been fully negotiated by the Department and the Consortium as set forth in an Amended and Restated Comprehensive Agreement, and the Exhibits thereto (the “ARCA”). Transurban has received approval from its board of directors, subject to the terms and conditions specified herein, for the closing of the Proposed Transaction and the execution and performance of the ARCA by Transurban (895) LLC (the “Operator”), a Delaware special-purpose company to be formed whose ultimate holding company will be Transurban Holdings Limited.

Transurban's board has also approved the closing of the acquisition of the Project pursuant to an asset purchase agreement (the “Asset Purchase Agreement”) negotiated with PPA, and on May 2, 2006 PPA’s board of directors similarly approved a sale of its assets pursuant to the Asset Purchase Agreement. Upon execution of the Asset Purchase Agreement, closing will be subject to fulfillment of customary conditions precedent and delivery of applicable closing documentation as set forth in the Asset Purchase Agreement. However, it will not be subject to any financing contingency, and Transurban has obtained an underwritten bank commitment for the financing of a portion of the purchase price, with the balance of the purchase price to be provided by Transurban or its affiliates. The current expectation is that PPA and the Operator will execute the Asset Purchase Agreement with a closing later this month of the Proposed Transaction and execution of the ARCA by the Operator and the Department.

A summary of the key terms of the Asset Purchase Agreement and the ARCA are attached to this letter as Exhibit A. The summary is qualified in its entirety by reference to the documents summarized therein.

If the foregoing accurately reflects our mutual understanding as to the matters set forth above, please execute and deliver a copy of this letter agreement to the Consortium.

Yours faithfully,
For & on behalf of the Consortium

Signature on File at VDOT
Name: Michael Kulper
Date: May 2, 2006

Acknowledged and Agreed:

Virginia Department of Transportation

By: Signature on File at VDOT
Name: Gregory A. Whirley
Date: May 2, 2006

Exhibit A
Summary of Asset Purchase Agreement and ARCA

Purchase Price. The purchase price for the Proposed Transaction, payable in immediately available funds at the closing of the Proposed Transaction, will be sufficient to provide for the payment of (i) all outstanding bond obligations and other outstanding debts of PPA, including principal and interest on subordinated bonds held by the Department representing amounts owed to the Department under the SIB Loan and reimbursement to the Department of accrued expenses and costs of maintenance and repair, with non-redeemable senior bonds being legally defeased such that they are no longer treated as outstanding under the documents under which they were issued, and (ii) reasonable costs and expenses incurred by the Department and PPA in connection with the Proposed Transaction. The Operator will also pay reasonable post-closing costs of PPA associated with winding up its affairs and dissolving. The purchase price (inclusive of pre-closing and closing costs) is estimated to be approximately \$522 million. Transurban's costs are not part of the purchase price.

Term. The ARCA will continue to permit Transurban (895) LLC, as the Operator, to operate, maintain, manage and collect tolls on the Project, changing the term from an indeterminate term ending upon repayment of all indebtedness associated with the Project to a fixed period of 99 years, subject to early termination for default. In addition, the Department may terminate the ARCA for public convenience at any time after the 40th anniversary of the execution of the ARCA if it determines in its sole discretion that termination is in the Commonwealth's best interests. If the Department elects to exercise this right, it must pay the Consortium an amount which should at least be sufficient to pay the outstanding debt on the Project plus an agreed minimum equity return.

The Department makes no assurances that toll revenues will be sufficient to return the Operator's investment and will not pay any compensation, return on investment or other profit to the Operator for providing the services contemplated by the ARCA.

Right to Charge Tolls; Tolling Regulations. The ARCA continues the right of the Operator to establish and collect tolls for vehicular travel on the Project. The ARCA implements new limitations by prescribing maximum toll levels at all times. The regulations will permit toll increases to 31 December 2016 as per the table below.

Agreed Tolling Schedule

The maximum toll charged by the Operator is not to exceed the following for the periods shown:

Period	Main Toll Plaza	Laburnum Ave.
1 January 2006 up to and including 31 December 2007	\$2.25	\$0.75
1 January 2008 up to and including 31 December 2010	\$2.75	\$1.00
1 January 2011 up to and including 31 December 2012	\$3.00	\$1.25
1 January 2013 up to and including 31 December 2013	\$3.25	\$1.50
1 January 2014 up to and including 31 December 2014	\$3.50	\$1.75
1 January 2015 up to and including 31 December 2015	\$3.75	\$2.00
1 January 2016 up to and including 31 December 2016	\$4.00	\$2.25

Note: Toll levels are for 2 axle vehicles only. Multi axle vehicles are tolled on the basis of an additional \$1.00 for each axle above 2.

The maximum toll increase in any year thereafter will be the greatest of the following: the increase in Real Gross Domestic Product per Capita from the preceding year, the increase in the Consumer Price Index from the preceding year, and 2.8%.

The ARCA includes narrow exceptions to the maximum tolling levels in the event of extraordinary circumstances, consistent with the existing Comprehensive Agreement and existing precedent for other toll road concession transactions.

The Department may suspend tolling during certain emergencies, and tolling exemptions allowed by statute will be honored by the Operator.

Operation and Maintenance. The ARCA will remove the requirement for the Department to operate and maintain the Project and pay current expenses and costs of extraordinary maintenance and repair. The Operator will continuously and diligently operate and maintain the Project at its own cost in accordance with all laws, regulations and ordinances and in accordance with detailed performance standards and measurements specified by the Department in the ARCA, such obligations to include all major maintenance, repairs and required capital improvements. Such work will be performed either with its own forces or by contract with entities reasonably acceptable to the Department. The Operator will also be obligated to carry out work required by compliance orders issued by the Department in respect of changes in safety standards or methodologies adopted by the Department at the date on which the Department carries out the incorporation of such changes for similar portions of already constructed State highways.

In contrast to the Comprehensive Agreement, under which costs of operations, maintenance and repair are reimbursed to the Department only to the extent funds are available after all debt service, all tolling revenues must first be used under the ARCA to pay the costs of operating, maintaining and repairing the Project (including insurance and taxes).

The Operator is also responsible for the management and remediation of any contaminated soil or groundwater on the Project during the term of the ARCA. If any contamination is a result of pre-existing hazardous substances on the Project, however, the Department will reimburse the Operator for its costs relating thereto.

The Department will provide operation and maintenance services during a transition period of up to 6 months, at the Operator's full cost.

Permit Fee. In the interest of a long term partnership, the Department and the Consortium have negotiated a revenue sharing arrangement, which is based on the total return on investment to the Project investors. The Department is entitled to receive a fee (pari passu with operating and maintenance expenses and before the payment of any debt service) equal to 40% of gross toll revenues after the real net cash flow of the Project yields a pre-tax internal rate of return ("IRR") on total invested projected funds equal to 6.5%, increasing to 80% of gross toll revenues after real net cash flow of the Project yields an IRR equal to 8.0%.

Richmond Airport Connector. The Operator has agreed to apply for credit assistance under the Federal Transportation Infrastructure and Finance Innovation Act ("TIFIA") for the completion, enhancement and expansion of the Project, including the funding of the construction of an approximately 1.58-mile, four-lane roadway providing motorists with direct access to the Richmond International Airport from the Project (the "RAC"). If the Operator receives the TIFIA financing, the Operator will be obligated to develop, design and construct the RAC at its cost, except that the Department will pay certain costs, if any, in excess of estimated RAC construction costs (with the Department retaining the right to withdraw the RAC from the Project if the total costs bid for the RAC exceed such estimated amount). The costs paid by the Operator will include costs associated with the acquisition of the RAC right-of-way after December 31, 2005 and utility relocations necessary for construction and/or operation. Upon completion, the Operator shall operate and maintain the RAC at its cost as part of the Project, excepting traffic signals and certain ancillary services on the northern portion of the RAC.

If the Operator is unable to obtain TIFIA financing or the Department exercises its option to withdraw the RAC from the Project, the Department may construct the RAC as a tolled or toll free roadway, in which event the RAC will not be part of the Project.

Required Security. To ensure that there are always sufficient funds to operate and maintain the Project up to the Department's predefined standards and applicable law, the Operator shall regularly fund a reserve (or provide acceptable letters of credit) that shall

be available exclusively for funding major maintenance in amounts sufficient to make available funds to pay all projected costs of major maintenance plus a contingency of 10%. In addition, at any time that revenues of the Project are insufficient or projected for the forthcoming year to be insufficient to pay all ordinary operating, maintenance and repair costs, the Operator must deliver to the Department a letter of credit in an amount equal to 110% of such actual or projected shortfall. If the Operator fails to perform any work when and as required, the Department may (subject to certain rights of senior lenders) carry out such work or pay a third-party contractor for such work and, in either case, draw upon the security to pay such costs.

Right to Oversee Work; Compensation. The Department and its duly authorized agents shall have access at all times to enter upon and inspect any part of the Project or the Project right-of-way and to monitor and audit the Project and the work activities on the Project. The Operator must compensate the Department for reasonable costs incurred by the Department as a result of such monitoring (other than related to the construction of the RAC or any Project enhancement directed by the Department).

Police Services. Consistent with arrangements under the existing Comprehensive Agreement, the Department will continue to cause police and emergency services to be provided to the Project at a level of service equivalent to that provided on comparable state highways, which shall in any event not be less than that provided on the Project at the present time, but without any liability for the failure of the Virginia State Police to provide any services. Such services will be provided at VDOT's cost.

Contracting Policies. The Operator shall conduct its activities in connection with the Project in compliance with applicable State and federal requirements. The Operator is strongly encouraged to pursue, invite and develop the participation of certified SWAM and/or DBE vendors in the performance of its services, and the ARCA specifies a long-term goal of 20% SWAM participation.

Competitive Transportation Facilities. Substantially continuing the protection afforded to PPA under the Comprehensive Agreement, the Department is required to compensate the Operator, with certain exceptions, for the net revenue impact of any new highway crossing the James River within three miles of the centerline of the Project's bridge crossing of the James River. As a new exception, no such compensation is required if the Project suffers certain congestion levels and the Operator fails to prepare and implement a plan to address such congestion within specified time periods.

Project Enhancements. The Operator is entitled to construct Project enhancements on the Project at its own cost, subject to approval by the Department. The Department also has the right to construct Project enhancements on the Project, either through the use of its own resources or by directing the Operator to undertake such enhancements at the Department's cost.

Insurance. The Operator must, at its own cost and parri passu with operation and maintenance costs, maintain or cause to be maintained property, liability and other insurance coverages specified in the ARCA insuring the Project and the Project operations against loss, damage or liability. The Department will be named as an additional insured on all general liability policies and other policies, as appropriate.

Financings. Any refinancing or incurrence of new debt by the Operator shall be subject to the Department's prior approval (not to be unreasonably withheld), except that no approval will be required if the proposed financing does not increase the principal amount of the Operator's debt then outstanding, the financing has been assigned an investment grade rating by a nationally-recognized rating agency, or the proceeds of the financing will be used solely to pay capital costs of the Project.

Neither the Department nor the Commonwealth guarantees any portion of the operator's debt or equity investment in the Project.

Certain Change in Law Protections. The Department will compensate the Operator for any damages resulting from the imposition during the term of the ARCA of any local property tax or charge and any State or local license fee or tax on or measured by receipts (*i.e.*, those taxes for which projects under the PPTA including the Project are statutorily exempt under recently-adopted legislation). In addition, the Department will compensate the Operator for any damages resulting from a change in State or local laws that are discriminatory to the Project or from any expansion of the classes of vehicles or persons that are statutorily exempt from the payment of tolls.

Return Obligations. Upon the expiration or earlier termination of the ARCA, the Operator must surrender and deliver the Project, together with all tangible and intangible personal property located at the Project or used in connection with the Project operations (including major maintenance reserves but otherwise excluding cash or similar investments), in good order, condition and repair as required by the ARCA, free and clear of any debt, liens, charges, restrictions or encumbrances thereon created or incurred by the Operator.

Technical Support. Transurban, or one of its affiliates, will enter into a Technical Support Agreement with the Operator and the Department for the term of the ARCA, pursuant to which it will provide the necessary management staff, technical support and assistance to the Operator in the performance of its obligations under the ARCA.